THE CALIFORNIA LONG-TERM OUTLOOK

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The "Old" California: Ten Years (and an Era) Ago

Back in the 1980s, the Cold War was still being waged, home computers were a novelty, the Internet was all but unknown, and California was an emerging financial capital. Though not long ago, it was in many ways a different era. Few people, if any, correctly predicted even the major events (e.g., the collapse of the USSR and the spread of the Internet) which drove California's economy in the 1990s, and now, facing the task of making our annual 20-year forecast for the state's economy, we are suitably humbled by the history of the decade which will soon be closing. It may be instructive to review some of the changes affecting California's major industries of a decade ago, and where we predict they are going (with projections and speculation italicized below).

Aerospace

The greatest change in California's industrial structure occurred with the decline of *aerospace* manufacturing. Predominantly defense-oriented and federally-funded, California aerospace employment peaked at 380,000 in 1986, fell to 165,000 in 1996, and has risen only modestly since that time. Jobs in these industries were well-paid, with wages more than 60% higher than overall manufacturing wages in California.[1] High wages reflected higher education, since an estimated 32% of all aerospace workers held college degrees, nearly twice the proportion in other durable goods industries.[2]

Collateral damage from the loss of aerospace dollars extended into many other areas of the California economy. Home prices in Los Angeles County fell nearly 25% from 1989 to 1995 as "move-up" buying dried up in response to the loss of high-income jobs. As real estate soured, employment declined in related areas of banking, accounting, and even law. Federal government payrolls shrank as military bases were shuttered.

Aerospace has attained critical mass in California. Further large cuts are unlikely, but growth of in-state production and employment will likely be very limited. California will continue to excel as a center for research and development.

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[1] Lieser, Tom, "The California Long-Term Outlook: Projections to 2020," *The UCLA Anderson Forecast,* September 1999.

[2] Schoeni, Robert F., et al, *Life After Cutbacks,* The RAND Corporation, 1996.

Agriculture

California's *other* major industry of ten years ago was *agriculture*. Farm activity is probably best measured by income rather than employment. By the income measure, the farm sector has maintained its 1988 share of California income. In 1997, gross farm income of $26.8 billion was 54% higher than in 1988, the same increase recorded by total personal income. Although 1998 appears to have been a no-growth year for farm income (reflecting El Niño storm damage and reduced export sales to Asia), that year's exceptional circumstances appear unlikely to be repeated.

Agribusiness will be a growth sector in California. With intense competition among alternative uses for prime farm land in the state, including residential development and conservation, farm productivity will continue to increase at a high rate. There will be higher production from reduced acreage. Water rights will remain hotly contested.

Financial and Business Services

Employment in the *financial institutions* industry in California declined more than any major sector except aerospace, due in part to restructuring, mergers, and acquisitions. Although banks and thrift institutions in the state have resumed profitable growth, employment in 1998 was nearly 23% below the 1988 level and head offices were far fewer. Other financial sectors have added strongly to payrolls: employment at brokerage and investment firms has risen 66% in the past decade. Finance companies and mortgage brokers have gained market share at the expense of banks and thrifts.

Twenty years from now, we will do most of our banking, real estate, insurance, and investment business on-line. Employment implications are unclear, with mixed trends. Fewer employees will be needed to serve retail customers, but further downsizing of functions such as regulatory compliance and credit approval may not be as easy.

Business services, a large and diverse group of activities, was typified ten years ago by its large element of business-to-business services such as temp agencies, photocopying firms, and custodial services. Its most dynamic element, however, has been its core of high-tech services including software, Internet service providers, and other relatively new data-processing activities which have pushed this industry to 10% annual growth rates during three of the last four years (1994-1998).

Although rapid growth of the information services component of business services is likely to continue during the next two decades, the overall growth rate by 2020 could be about half as much as during the preceding two decades (but still well above average).

Construction

During the building boom of the late 1980s, the *construction* crane was often cited as the California state bird. Real estate investment from other states and from abroad was attracted by the state's rapid growth. The recession of the early 1990s produced a decline of 60% in

residential building permits and a similar drop in the dollar value of nonresidential permits, which reached a 1988 peak of $14.1 billion that was not exceeded until 1998. Total employment in the construction industry, not nearly as cyclical as physical output measures, peaked at 562,000 in 1990, declined 21% by 1993, and finally exceeded its prior peak in 1998.

For reasons which are not completely clear, the construction sector requires more workers in 1999 to construct half as much residential housing and less real commercial and industrial volume as was built in 1986. Projected construction in 2020 is also lower than 1986, but significantly higher than in 1999. Gains in construction employment will likely be modest.

Retail Trade

In 1988, *retail trade* employed 2.15 million persons in California, about 18% of total nonfarm employment. Although retail jobs have increased over the past decade, the gain is only about 10% of the total rise in nonfarm jobs over that period. In part, the sluggish growth reflected the severity of the early 1990s decline in home prices, a loss of wealth which undermined consumer spending. California taxable sales declined 3.5% from 1990 to 1993. Moreover, even with a return of robust sales growth in recent years, retail job growth has been restrained by lean margins, reflecting industry consolidations and competitive pressures from mail-order sellers and, increasingly, internet vendors.

We can only guess at the dimensions of Internet commerce twenty years from now. The wholesale and retail trade industries will be transformed, and most business may be transacted on-line. We are projecting employment gains comparable to those of the last twenty years, but productivity gains will be a key to the labor input in this business.

Through a Glass Opaquely: California's Next Twenty Years

From 1950 through 1990, growth of nonfarm employment in California averaged nearly 3.5% annually, nearly twice the national growth rate. The 1998 increase of 3.7% is slightly above that trend, and 1999's performance is expected to be close, and they will be the best two years of the 1990s. It is unlikely, however, that the next twenty years in California will see a repeat of the "golden" era of the 1950s, '60s, '70s, and '80s.

We offer evidence below that the growth of employment in California is experiencing a moderate slowdown from the peak rates of last year. We predict that nonfarm employment will increase 3.4% in 1999, then ease to 2.5% in 2000 and 2.3% in 2001, as the national economy enters a period of more sustainable growth. For the longer term, a 2.1% growth rate for nonfarm employment, significantly higher than the national increase, is projected for California. The industry composition of this growth rate is detailed in Table 1 at the end of this report.

Forecast Highlights

Following is a summary of the highlights and assumptions of the base forecast for California's economy during the period from 1999-2020.

- Nonfarm employment in California will grow from 13.61 million in 1998 to 21.85 million in 2020, an increase of 8.2 million jobs. More than half the increase, or 4.2 million jobs, will be in the services.

- The California unemployment rate will remain above 5% throughout the forecast period. A trend of increasing labor force participation, combined with sizeable gains in labor force from migration inflows, will be sufficient to keep the state's jobless rate above that projected for the nation.

- The rate of population growth will average 1.6% annually through 2020. (Chart 1) The state's total population is projected to increase by 14.1 million, from 33.6 million in 1998 to 47.7 million in 2020. Net migration inflows will increase gradually from 229,000 in 1998 to 301,000 in 2020. These inflows will be modest in relation to total population.

- New residential building permits will continue to expand from 125,000 in 1998, reaching a peak of nearly 250,000 in 2005, and averaging about 229,000 from 2006-2020. (Chart 2)

- Real personal income will increase 3.3% annually from 1998 through 2020. Real gross state product will reach $2.1 trillion in 2020, an annual increase of 3.5% from the 1998 total GSP of $975 billion.

Housing Costs Will Be an Impediment to Faster Growth

The main concern with the attainment of even a 2.1% long-term trend in employment growth, as detailed in the UCLA Anderson Business Forecast long-term report issued in September 1998, is the apparent imbalance between the high cost of housing and the levels of income per capita or per household in California, which are not very much above average. We are predicting a robust trend in new housing units in the state, averaging about 229,000 per year for the twenty-year period from 2000 to 2020. This level of construction has not been seen in California since the second half of the 1980s, when residential building permits averaged better than 260,000 annually.

The housing "problem" in California at this time appears to be more one of price than of quantity. As of 1996, the most recent year for which comparable data are available on housing stock for the states, California had about 10.8% of the national housing stock of 109.8 million units, up from 10.5% in 1980. In population, California accounted for about 12% of the national total in 1996 compared with 10.5% in 1980. The comparison appears to show an increase in crowding in California, although there has been a concurrent increase in California household size during the period.

Some Multi-State Comparisons

California's relative increase in *home prices* in recent years is more pronounced than the change in units. Over the most recent ten years (1988-1998), the average California home price rose 45.5% versus a gain of 31.8% nationally, putting the 1998 California measure of $265,800

Chart 1: California Population as A Percent of the Nation
(History and UCLA Forecast)

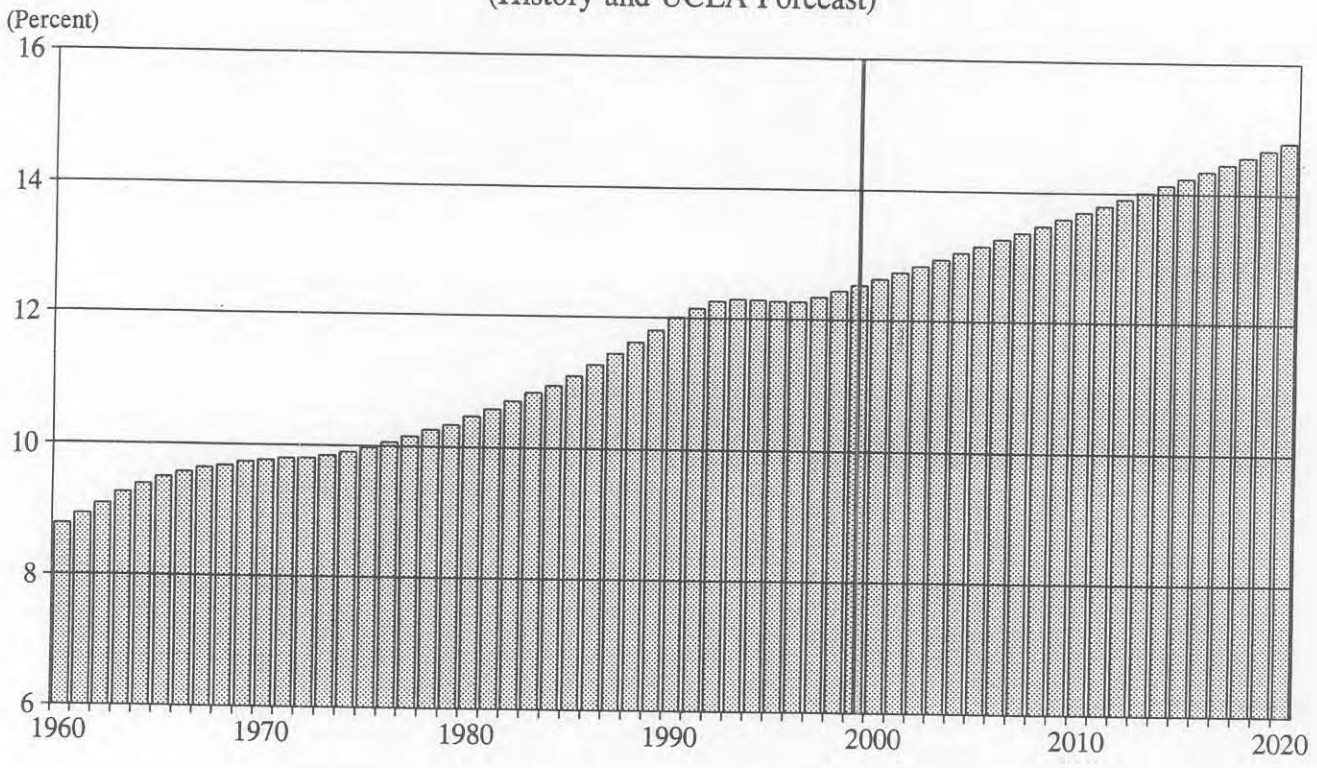
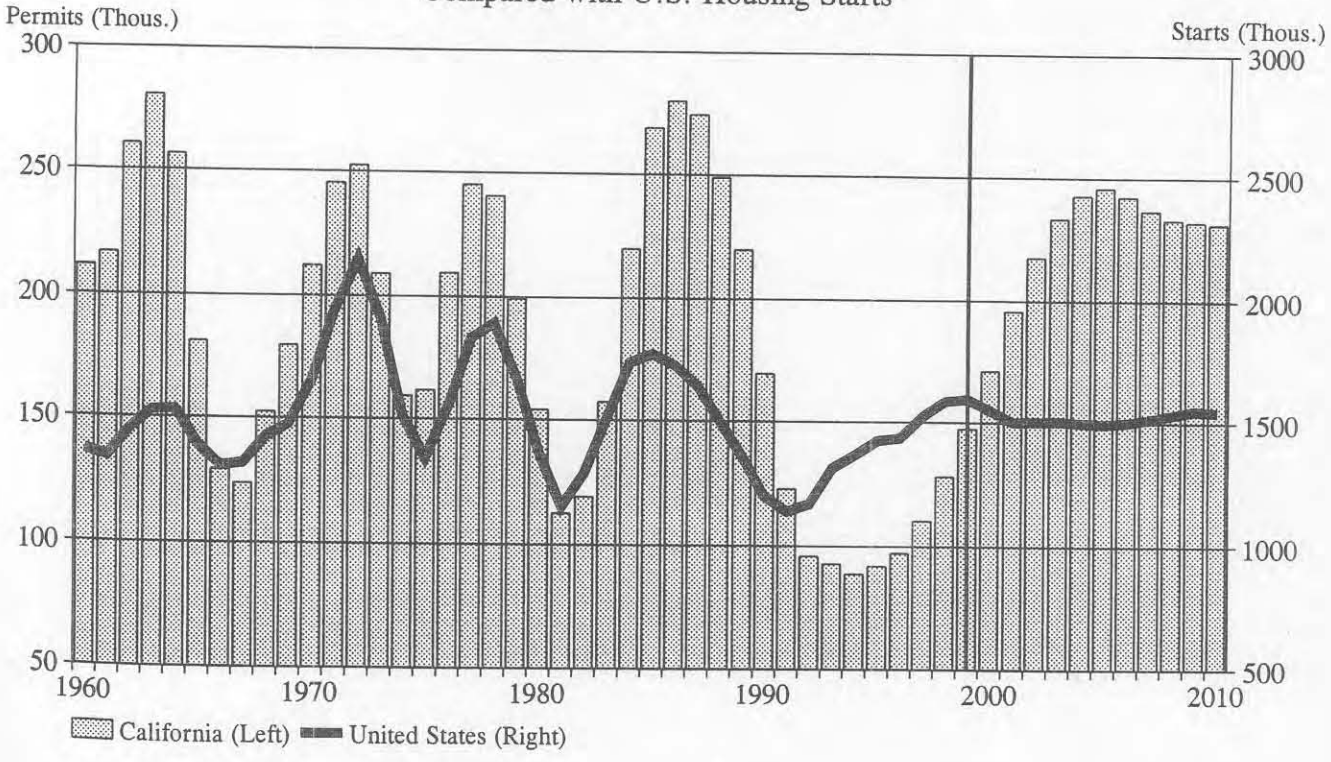


Chart 2: California Residential Building Permits
Compared with U.S. Housing Starts



at 153% of the national average, versus 139% in 1988. (Chart 3) California has put even more distance between herself and other large states including Florida, Texas, and North Carolina. It is worth noting that the period of comparison includes the worst recession (1990-1993) in California since the 1930s. Following are comparative figures for 1998.

Average Purchase Price of Single-Family Homes

	1998 ($ Thous.)	1998 (Index, U.S.=100)
United States	173.4	100.0
California	265.8	153.3
Florida	138.9	80.1
Texas	144.5	83.3
North Carolina	166.0	95.7

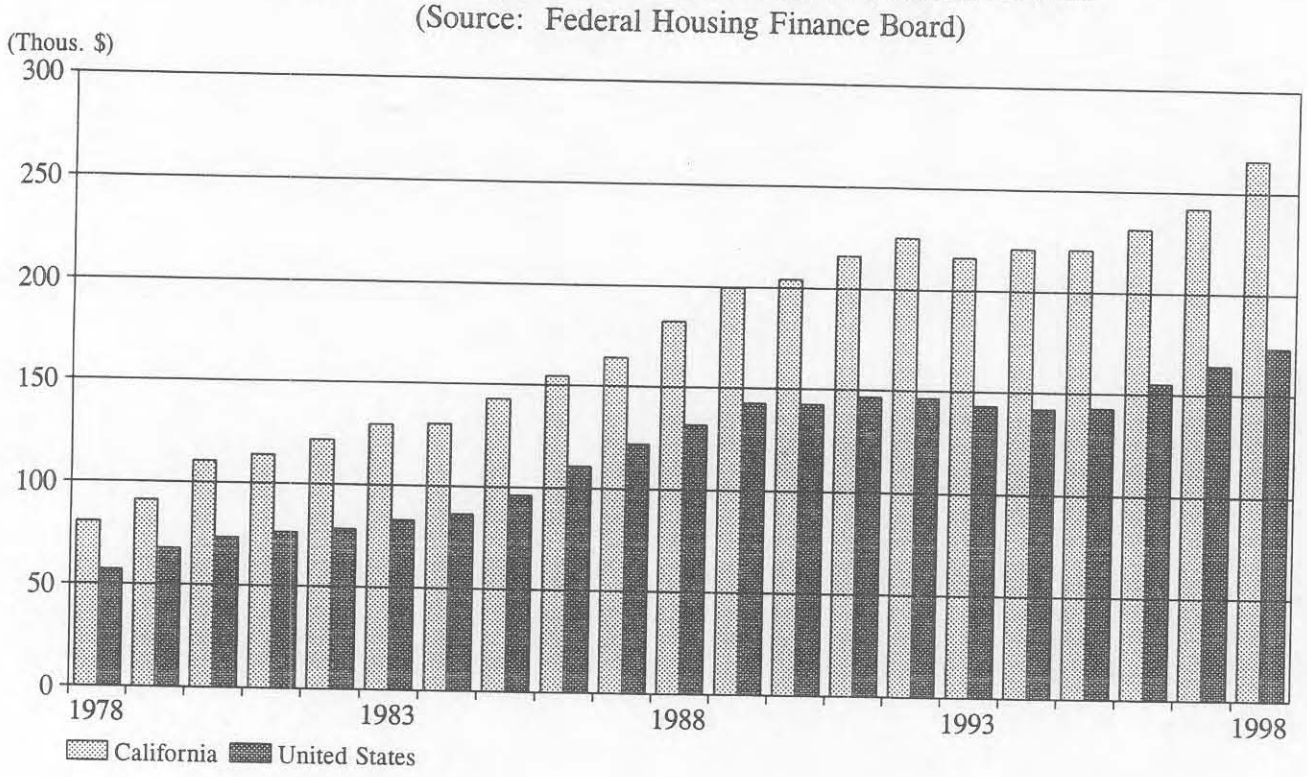
Although California leads the nation in home prices, the state lags the comparison group of states by a substantial margin in *job growth* during the last ten years. From 1988 to 1998, nonfarm payroll employment in California grew 14.3%, compared with a 19.6% expansion for the nation. The comparison group of states all grew much faster than the national average: Florida, 31.8%; Texas, 33.9%; and North Carolina, 26.3%.

Another aspect in which the California economy shows some slack relative to other regions is in the *unemployment rate*. In 1998, California's jobless rate averaged 5.9%, well above the national average 4.4%. Comparable jobless rates in the other states were 4.8% in Texas; 4.3% in Florida; and 3.5% in North Carolina.

A final measure, and one in which California still enjoys an (increasingly narrow) advantage over the nation and the above grouping of states is *personal income per capita*. Using the 1998 national average of $26,482 as a base, California ranked 13th in the nation with 104.1% of the national average. Florida, in 20th place, had 97.9% of the U.S. mean. Texas, in 26th place, was 94.5% of the U.S. average, and North Carolina, in 32nd place, was 91.1% of the national benchmark.

In sum, California's recent and projected economic growth in employment and other measures has not been matched by an increase in its stock of housing, which is increasingly high-priced. The long-term projection for new units in California, at about 230,000 per year, will represent about 15% of national housing starts over the next two decades -- an ambitious outcome which may not occur unless existing impediments to new construction are substantially lessened.

Chart 3: Average Home Prices for California and the Nation
(Source: Federal Housing Finance Board)



A Bright Spot: No Repeat of the Aerospace Shock

A major positive result of the structural change of the last decade is that Californians are now more in control of their economic destiny as was the case prior to 1990. The long-term dependency on defense-funded aerospace industry, which is now substantially diminished, has been replaced by an industry base which is more market-driven. The current and prospective industry base does not contain any obvious element which is susceptible to the kind of calamitous decline which occurred in aerospace. The worst external developments we have recently seen have been relatively short-lived -- the loss of some trade with Mexico beginning in 1994 (which was milder in California than elsewhere), and the Asian economic crisis which hit in 1997 but is beginning to turn around. Unlike the aerospace shock, these external crises are reversible.

The Case for Faster Growth -- Improbable

The case for a 3% long-term growth trend for the next 20-plus years, more like California experienced during the post-World War II era prior to 1990, is not easy to make. Taking our projected employment for 2000 (14.43 million nonfarm jobs) as a starting point, the difference between 2% and 3% growth, compounded over 20 years, would be more than 4.6 million additional jobs. Burdened with housing costs which are already much higher than the national

average, California would have to grow more than twice as fast as the nation for the next two decades.

This feat could require an improbably favorable combination of events. One example would be all of the following: (1) continuation of the recent phenomenal expansion of business services, which have grown at a yearly rate of more than 7% for more than 20 years; (2) a return to the pre-1990s strategic arms race with a new superpower (China?), and (3) a renewed expansion of space exploration with California contractors as major beneficiaries; and (4) removal of the impediments to growth which have bottled up the expansion potential of Silicon Valley and produced the highest (by far) home prices in the United States.

Forecast tables were reprinted from The UCLA Anderson Forecast for the Nation and California, September 1999.

Table 1. Summary of the UCLA Forecast for California

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Personal Income, Taxable Sales, and Price Inflation (%Change)										
Personal Income (Bil.$)	653.2	684.7	697.9	718.1	754.3	798.0	846.0	904.4	960.6	1012.9
Calif. (% Ch)	2.2	4.8	1.9	2.9	5.0	5.8	6.0	6.9	6.2	5.4
U.S.(% Ch)	3.5	5.8	4.3	5.1	5.5	5.8	5.6	5.0	5.0	5.3
Pers. Income (Bil. 92$)	674.5	684.8	682.5	693.8	720.4	755.0	785.5	829.5	860.0	890.9
Calif. (% Ch)	-1.7	1.5	-0.3	1.7	3.8	4.8	4.0	5.6	3.7	3.6
U.S. (% Ch)	-0.6	2.5	1.6	2.6	3.1	3.7	3.6	4.2	3.5	3.4
Taxable Sales (Bil.$)	270.8	272.3	272.1	285.9	300.7	321.0	340.8	359.0	385.1	404.8
(% Ch)	-3.9	0.6	-0.1	5.1	5.2	6.7	6.2	5.3	7.3	5.1
(Bil. 92$)	281.0	272.4	266.0	276.0	287.1	303.1	316.5	329.2	344.8	356.0
(% Ch)	-7.8	-3.1	-2.4	3.8	4.0	5.6	4.4	4.0	4.7	3.3
Consumer Prices (% Ch)	4.2	3.5	2.6	1.4	1.7	2.0	2.2	2.0	3.2	2.9
Employment and Labor Force (Household Survey, % Change)										
Employment	-2.2	-0.2	-0.5	1.2	0.6	1.7	3.8	2.8	2.2	2.6
Labor Force	-0.2	1.5	-0.4	0.4	-0.2	1.0	2.8	2.4	1.6	2.7
Unemployment Rate (%)	7.7	9.3	9.4	8.6	7.8	7.2	6.3	5.9	5.4	5.5
U.S.	6.9	7.5	6.9	6.1	5.6	5.4	4.9	4.5	4.4	5.0
Total Nonfarm										
Nonfarm Employment (Payroll Survey, % Change)										
Calif.	-1.1	-1.7	-0.9	0.9	2.2	2.6	3.0	3.7	3.4	2.5
U.S.	-1.1	0.3	1.9	3.1	2.7	2.1	2.6	2.6	1.9	0.6
Mining	-1.9	-4.3	-1.4	-8.5	-6.0	-2.6	-0.6	-13.6	-8.4	-1.3
Construction	-8.5	-8.2	-5.6	4.2	4.5	4.3	8.7	11.1	12.6	4.4
Manufacturing	-4.7	-4.1	-4.5	-1.6	1.0	3.2	3.4	2.1	-1.2	-0.2
Nondurable Goods	-1.2	0.9	-1.9	0.5	0.9	1.1	1.6	0.0	-0.3	0.2
Durable Goods	-6.5	-6.8	-6.1	-2.8	1.0	4.6	4.5	3.4	-1.7	-0.5
High Technology	-5.6	-8.4	-9.8	-8.2	-1.1	4.4	4.3	2.3	-3.7	-1.4
Trans. & Public Util.	0.2	-1.0	0.5	1.4	1.8	1.8	3.4	4.6	3.3	3.2
Trade	-2.3	-3.0	-0.8	1.2	2.5	2.0	2.5	2.6	1.8	1.9
Finance, Ins. & R.E.	-1.1	-0.9	0.3	-3.0	-5.0	0.7	2.9	5.7	3.4	1.7
Services	2.1	0.4	1.1	2.8	4.8	4.4	3.5	5.3	5.8	4.0
Federal Gov't	-4.0	-0.5	-2.8	-3.4	-4.0	-5.1	-3.8	-5.4	-1.7	-0.5
State and Local Gov't	1.8	0.4	-0.3	1.4	1.5	1.3	2.1	2.1	3.6	2.4
Nonfarm Employment (Payroll Survey, Thous.)										
Total Nonfarm	12359	12153	12045	12159	12422	12743	13129	13613	14080	14430
Mining	37	35	35	32	30	29	29	25	23	23
Construction	514	472	446	464	485	506	550	611	687	718
Manufacturing	1971	1891	1805	1777	1794	1852	1914	1955	1932	1927
Nondurable Goods	702	708	695	698	705	712	724	724	722	724
Durable Goods	1269	1182	1110	1079	1090	1139	1190	1231	1210	1203
High Technology	638	584	527	484	479	500	521	533	514	506
Trans. & Public Util.	613	607	611	619	630	642	664	694	717	740
Trade	2922	2835	2812	2845	2915	2974	3048	3127	3184	3246
Finance, Ins. & R.E.	799	792	794	771	732	737	758	802	829	843
Services	3411	3426	3462	3558	3728	3891	4025	4237	4480	4660
Federal Gov't	347	346	336	325	312	296	285	269	265	263
State and Local Gov't	1743	1750	1744	1768	1795	1817	1856	1894	1963	2011
Population and Migration										
Net Inmigration(Thous)	224	225	-43	-82	-64	1	265	229	234	238
Population (Thous)	30632	31276	31697	31987	32252	32538	33040	33587	34133	34691
(% Ch)	2.2	2.1	1.3	0.9	0.8	0.9	1.5	1.7	1.6	1.6
Construction Activity and Home Values										
Residential Building Permits (Thous. Un.)	105	98	84	96	86	94	112	125	148	169
Home Values-LA Co (% Ch)	-3.6	-2.4	-8.2	-6.8	-4.4	2.4	2.9	8.1	7.9	4.5
Nonres.Const. (Mil. 92$)	9656	8164	7322	7379	7311	8422	10370	12271	12835	13296

Table 1. Summary of the UCLA Forecast for California

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
					Personal Income, Taxable Sales, and Price Inflation (%Change)					
Personal Income (Bil.$)	1069.8	1133.4	1200.6	1272.7	1356.3	1446.2	1536.8	1637.2	1742.0	1858.0
Calif. (% Ch)	5.6	5.9	5.9	6.0	6.6	6.6	6.3	6.5	6.4	6.7
U.S.(% Ch)	5.2	5.0	4.5	4.7	6.7	4.6	4.6	4.7	4.8	4.8
Pers. Income (Bil. 92$)	920.6	946.0	974.5	1001.2	1042.2	1080.0	1116.2	1156.9	1200.6	1248.3
Calif. (% Ch)	3.3	2.8	3.0	2.7	4.1	3.6	3.3	3.6	3.8	4.0
U.S. (% Ch)	2.9	2.3	2.1	2.2	4.9	2.3	2.2	2.3	2.4	2.3
Taxable Sales (Bil.$)	428.3	456.2	486.9	517.5	551.6	586.2	621.2	657.9	695.7	739.3
(% Ch)	5.8	6.5	6.7	6.3	6.6	6.3	6.0	5.9	5.7	6.3
(Bil. 92$)	368.5	380.8	395.2	407.1	423.9	437.8	451.2	464.9	479.5	496.7
(% Ch)	3.5	3.3	3.8	3.0	4.1	3.3	3.1	3.0	3.1	3.6
Consumer Prices (% Ch)	2.6	3.0	3.0	3.3	3.1	2.9	2.8	2.7	2.5	2.4
					Employment and Labor Force (Household Survey, % Change)					
Employment	2.3	2.6	2.4	2.3	2.4	2.6	2.4	2.0	2.0	2.2
Labor Force	2.5	2.6	2.7	2.5	2.4	2.3	2.3	2.1	2.0	2.0
Unemployment Rate (%)	5.6	5.6	5.8	5.9	5.9	5.7	5.6	5.7	5.7	5.5
U.S.	5.1	5.2	5.3	5.1	5.3	5.3	5.3	5.2	5.2	5.2
Total Nonfarm					Nonfarm Employment (Payroll Survey, % Change)					
Calif.	2.3	2.5	2.2	2.1	2.5	2.7	2.4	2.1	2.1	2.4
U.S.	1.1	1.3	1.3	1.6	0.4	0.9	1.0	1.2	1.2	1.0
Mining	-1.3	-1.7	0.0	0.0	1.5	0.4	0.4	0.6	0.3	-0.4
Construction	3.7	2.1	1.0	1.0	1.3	1.4	0.2	0.3	0.2	0.2
Manufacturing	0.4	1.4	1.3	1.0	1.1	1.0	0.6	0.6	0.7	0.7
Nondurable Goods	0.1	1.0	0.6	0.4	0.2	0.1	0.2	0.0	0.1	0.1
Durable Goods	0.6	1.6	1.6	1.4	1.7	1.4	0.9	0.9	1.0	1.1
High Technology	0.4	2.8	3.1	2.6	2.5	2.1	2.1	1.9	2.1	2.5
Trans. & Public Util.	2.2	1.5	1.0	1.1	1.6	1.8	1.6	1.7	1.9	2.1
Trade	1.9	1.8	2.1	2.2	2.3	2.8	2.3	2.2	2.1	2.0
Finance, Ins. & R.E.	2.4	3.6	3.0	2.7	2.6	2.2	2.2	2.3	2.3	2.5
Services	3.3	4.0	3.2	3.0	3.8	3.9	3.8	3.1	3.2	3.8
Federal Gov't	0.9	1.0	1.8	2.1	1.8	1.3	2.1	1.3	1.0	0.9
State and Local Gov't	2.0	1.7	1.4	1.4	1.5	1.9	1.9	1.5	1.6	1.6
					Nonfarm Employment (Payroll Survey, Thous.)					
Total Nonfarm	14756	15128	15461	15791	16181	16611	17009	17369	17741	18163
Mining	22	22	22	22	22	22	23	23	23	23
Construction	744	760	768	775	785	797	798	801	802	804
Manufacturing	1935	1962	1986	2007	2029	2049	2062	2073	2087	2103
Nondurable Goods	724	731	736	739	740	741	742	742	743	743
Durable Goods	1211	1230	1250	1268	1289	1308	1320	1331	1344	1359
High Technology	508	523	539	553	567	579	591	602	615	631
Trans. & Public Util.	756	768	775	784	796	811	824	838	854	871
Trade	3307	3366	3437	3514	3595	3695	3780	3862	3943	4024
Finance, Ins. & R.E.	863	894	921	945	970	992	1013	1037	1061	1087
Services	4812	5003	5165	5322	5523	5740	5956	6144	6339	6580
Federal Gov't	266	269	273	279	284	288	294	298	300	303
State and Local Gov't	2051	2085	2114	2143	2176	2217	2259	2294	2332	2369
					Population and Migration					
Net Inmigration(Thous)	242	246	250	254	259	255	260	264	268	272
Population (Thous)	35258	35835	36421	37017	37623	38234	38853	39482	40121	40771
(% Ch)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
					Construction Activity and Home Values					
Residential Building Permits (Thous. Un.)	197	221	234	245	249	243	235	232	232	232
Home Values-LA Co (% Ch)	3.8	3.7	3.7	3.4	4.1	5.0	4.9	4.3	3.8	3.7
Nonres.Const. (Mil. 92$)	13869	14308	14359	14578	14851	14887	14930	14942	14925	14836

Forecast tables were reprinted from The UCLA Anderson Forecast for the Nation and California, September 1999.

Table 1. Summary of the UCLA Forecast for California

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personal Income, Taxable Sales, and Price Inflation (%Change)										
Personal Income (Bil.$)	1976.6	2096.0	2221.1	2346.7	2477.6	2618.1	2763.7	2925.5	3109.0	3281.0
Calif. (% Ch)	6.4	6.0	6.0	5.7	5.6	5.7	5.6	5.9	6.3	5.5
U.S.(% Ch)	4.9	5.0	5.0	5.1	5.1	5.1	5.2	5.1	5.1	5.1
Pers. Income (Bil. 92$)	1294.6	1338.7	1383.3	1425.2	1465.4	1508.0	1550.4	1597.6	1653.7	1701.6
Calif. (% Ch)	3.7	3.4	3.3	3.0	2.8	2.9	2.8	3.0	3.5	2.9
U.S. (% Ch)	2.4	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.5	2.5
Taxable Sales (Bil.$)	787.0	838.4	892.2	946.6	1001.9	1063.0	1126.1	1187.8	1251.1	1314.5
(% Ch)	6.5	6.5	6.4	6.1	5.8	6.1	5.9	5.5	5.3	5.1
(Bil. 92$)	515.4	535.5	555.7	574.9	592.6	612.3	631.7	648.7	665.5	681.7
(% Ch)	3.8	3.9	3.8	3.5	3.1	3.3	3.2	2.7	2.6	2.4
Consumer Prices (% Ch)	2.2	2.1	2.1	2.1	2.3	2.3	2.3	2.4	2.3	2.2
Employment and Labor Force (Household Survey, % Change)										
Employment	2.2	2.0	1.9	1.8	1.9	1.9	1.7	1.8	1.8	1.7
Labor Force	2.2	2.2	1.8	1.8	1.8	1.7	1.9	1.7	1.8	1.6
Unemployment Rate (%)	5.5	5.7	5.6	5.7	5.6	5.4	5.6	5.4	5.4	5.3
U.S.	5.2	5.1	5.2	5.2	5.1	5.1	5.2	5.1	5.1	5.2
Total Nonfarm			**Nonfarm Employment (Payroll Survey, % Change)**							
Calif.	2.3	2.0	1.9	1.8	1.9	1.9	1.7	1.8	1.8	1.6
U.S.	1.2	1.1	1.2	1.2	1.0	1.0	1.0	1.0	0.9	0.9
Mining	-0.4	-0.5	-0.5	-0.3	-0.1	-0.3	-1.3	-1.5	-1.0	0.0
Construction	0.3	0.2	0.2	0.3	0.3	0.3	0.4	0.5	0.2	-0.2
Manufacturing	0.7	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7
Nondurable Goods	0.1	0.1	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.4
Durable Goods	1.1	1.1	1.1	1.1	1.0	1.0	1.0	0.9	0.9	0.9
High Technology	2.3	2.3	2.2	2.1	2.0	1.9	2.0	2.0	1.9	1.8
Trans. & Public Util.	2.2	1.7	1.3	1.3	1.4	1.4	1.4	1.7	1.9	1.4
Trade	1.9	1.6	1.6	1.6	1.5	1.5	1.5	1.6	1.5	1.1
Finance, Ins. & R.E.	2.4	2.3	2.4	2.3	2.3	2.2	2.1	2.0	2.0	1.9
Services	3.6	3.0	2.5	2.4	2.7	2.6	2.3	2.4	2.4	2.4
Federal Gov't	1.0	1.1	1.0	1.0	1.0	1.0	1.0	0.8	0.7	0.8
State and Local Gov't	1.7	1.9	1.8	1.6	1.7	1.8	1.7	1.7	1.6	1.6
Nonfarm Employment (Payroll Survey, Thous.)										
Total Nonfarm	18583	18964	19316	19657	20027	20400	20750	21125	21497	21846
Mining	23	22	22	22	22	22	22	22	21	21
Construction	806	808	809	812	815	817	821	825	827	826
Manufacturing	2118	2134	2150	2167	2184	2200	2216	2232	2246	2263
Nondurable Goods	744	745	746	748	750	753	755	756	758	761
Durable Goods	1374	1389	1404	1419	1433	1448	1462	1476	1488	1502
High Technology	645	660	674	688	702	715	730	745	759	773
Trans. & Public Util.	890	905	917	929	942	955	968	985	1004	1017
Trade	4099	4167	4235	4301	4364	4428	4493	4564	4634	4685
Finance, Ins. & R.E.	1113	1139	1166	1193	1221	1248	1274	1299	1326	1351
Services	6819	7025	7202	7377	7577	7776	7954	8147	8341	8539
Federal Gov't	306	309	313	316	319	322	325	328	330	333
State and Local Gov't	2410	2455	2500	2540	2584	2631	2676	2723	2767	2810
Population and Migration										
Net Inmigration(Thous)	269	273	277	282	286	282	287	291	296	301
Population (Thous)	41425	42088	42760	43443	44138	44838	45547	46268	46999	47742
(% Ch)	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Construction Activity and Home Values										
Residential Building Permits (Thous. Un.)	229	227	227	224	224	224	225	225	225	226
Home Values-LA Co (% Ch)	3.6	3.6	3.8	3.7	3.9	3.8	4.0	4.1	3.5	3.4
Nonres.Const. (Mil. 92$)	14764	14838	15004	15261	15630	15998	16296	16465	16388	16282

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